

Message Text

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ACTION ARA-10

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FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC PRIORITY 8906

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E.O. 11652: N/A

TAGS: EAID IBRD IDB BB

SUBJ: TRIPARTITE COUNTRY REVIEW-BARBADOS

REF: AIDTO CIRCULAR A-276

1. FOLLOWING ARE EMBASSY COMMENTS ON PENDING IDB AND IBRD
LOANS FOR BARBADOS:

(A) IDB

(1) BRIDGETOWN SEWAGE SYSTEM (US\$10-11 MILLION). EMBASSY
CONCURS WITH CONCLUSION OF IDB MISSION WHICH VISITED HERE
EARLIER THIS MONTH THAT PROJECT SHOULD HAVE HIGHEST PRIORITY.
AS NO SEWAGE DISPOSAL EXISTS AT PRESENT, DISPOSAL OF HUMAN
WASTES IS CREATING BOTH HEALTH AND ENVIRONMENTAL PROBLEMS
FOR BARBADOS. FAILURE TO RESOLVE PROBLEM COULD HAVE SEVERE
IMPACT ON TOURISM, BARBADOS' LARGEST MONEY EARNING SECTOR
AS WELL AS ON HEALTH AND COMFORT OF INHABITANTS. THERE HAVE
BEEN POLITICAL PROBLEMS WITH REGARD TO LAND ACQUISITION FOR
PROJECT BUT GOB APPEARS TO BE MOVING VIGOROUSLY AND EFFECTIVELY
TO RESOLVE THESE. US FIRM (QUIRK, LAWLER AND MATHUSKY OF
TAPPAN, NY) HAS COMPLETED PRELIMINARY SURVEY AND ALL INDICATIONS
ARE THAT THIS PROJECT SHOULD BE STARTED AT EARLIEST FEASIBLE
TIME. EMBASSY STRONGLY RECOMMENDS MOVING AHEAD AS RAPIDLY
AS POSSIBLE ON THIS CRITICALLY IMPORTANT PROJECT.

(2) TECHNICAL COOPERATION-WATER RESOURCES (\$100,000).

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PROJECT TO BE UNDERTAKEN IN CONJUNCTION WITH SEWAGE PROJECT

AND IN CONJUNCTION WITH PARALLEL AND COMPLIMENTARY OAS HYDROLOGICAL SURVEY. EMBASSY RECOMMENDS APPROVAL PROVIDED THAT PARTIES INVOLVED REALIZE IMPORTANCE OF COORDINATION WITH RELATED PROJECTS.

(3) TECHNICAL COOPERATION-POLYTECHNIC INSTITUTE (COST-UNKNOWN). PROJECT INVOLVES EXPANSION OF INDUSTRIAL TRAINING. RECOMMEND APPROVAL.

(4) TECHNICAL COOPERATION-HEALTH FIELD (COST-UNKNOWN). PROJECT WOULD ASSIST IN ESTABLISHMENT OF GOB HEALTH CLINICS THROUGHOUT ISLAND. RECOMMEND APPROVAL.

(B) IBRD:

(1) TOURISM (SIZE-AS YET UNSPECIFIED). GOB HAS AGREED IN PRINCIPLE TO LOAN IN TOURISM SECTOR, POSSIBLY FOR CONSTRUCTION OF CLUSTER-TYPE HOTEL THAT WOULD PERMIT POOLING OF CERTAIN SERVICES TO ALLOW PARTICIPATION IN VENTURE BY SMALLER INVESTORS. IBRD TEAM RECENTLY SPENT SOME TIME HERE DISCUSSING MATTER WITH GOB. GOB IS ENTHUSIASTIC ABOUT LOAN BUT NOTES THAT PROJECT NEEDS TO BE MORE CLEARLY DEFINED AND DELINEATED AND THAT FEASIBILITY STUDY WOULD ALSO BE LIKELY NECESSARY. GOB IS CONTINUING DISCUSSIONS WITH IBRD. PREMATURE TO MAKE ANY RECOMMENDATION AT THIS STAGE.

(2) SUGAR REHABILITATION. (UP TO \$6 MILLION). PROJECT INVOLVES INTER ALIA FURTHER MECHANIZATION OF SUGAR INDUSTRY THROUGH PURCHASE OF GREEN CANE HARVESTERS. GOB AND SUGAR INDUSTRY ARE WORKING JOINTLY ON PROJECT AND ARE SCHEDULED TO PROVIDE FURTHER FINANCIAL DATA TO IBRD WITHIN NEXT TWO WEEKS. PREMATURE TO MAKE RECOMMENDATION. PROJECT CLEARLY HAS MERIT IN VIEW OF SUGAR'S ROLE AS INSLAND'S MOST IMPORTANT PRODUCT AND CHRONIC SHORTAGE OF AGRICULTURAL LABOR.

2. EMBASSY RECOMMENDS THAT IDB AND IBRD, IN MAKING DECISION ON PERCENTAGE OF LOAN TO BE BORROWED BY RECIPIENT, CONSIDER TINY CARIBBEAN ECONOMY OF BARBADOS FROM WIDER VIEWPOINT THAN SIMPLISTIC CRITERION OF PER CAPITA NATIONAL INCOME AS MEASURE OF NEED. THIS OVER USED CRITERION DOES NOT GIVE AN UNCLASSIFIED

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ACCURATE PICTURE OF RELATIVE NEED AND ABILITY TO REPAY AND GROSSLY DISTORTS IMAGE OF MINI-STATE WHOSE TRUE ECONOMY HAS NO DEPTH OR FLEXIBILITY.
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